


Memorandum

To: Counselor to the Secretary for Energy Policy

From: Katharine S. MacGregor 
Acting Assistant Secretary - Land and Minerals Management

Subject: Secretary's Order 3354, Bureau of Land Management 45-Day Report

Date: October 6, 2017

I. Introduction

Secretary's Order (S.O.) 3354, signed on July 6, 2017, directed the Bureau of Land Management (BLM) to take the following actions to promote the exploration and development of both Federal onshore oil and gas resources and Federal solid mineral resources:

- Support and improve the implementation of the oil and gas quarterly lease sale provision found in the Mineral Leasing Act;
- Identify options to improve the Federal onshore oil and gas leasing program and the Federal solid mineral leasing program, as well as identify additional steps to enhance exploration and development of Federal onshore oil and gas resources and Federal solid mineral resources; and
- Develop an effective strategy to address permitting applications efficiently and effectively as well as develop clear and actionable goals for reducing the permit processing time.

This report describes the actions that the BLM has already taken to date to meet the goals of S.O. 3354, such as realigning agency priorities to match the Administration's goals, hiring key staff involved in the approval process, clear tracking of high volume offices and associated permitting timeframes by the Assistant Secretary for Land and Minerals Management (ASLM), addressing potentially burdensome regulations and policies, leveraging technology such as the Automated Fluid Minerals Support System (AFMSS) to automate the processes for Federal oil and gas leasing and permitting, establishing targets for processing Applications for Permit to Drill (APD) and Expressions of Interest (EOI), and streamlining the Federal coal leasing and permitting process as well as other BLM processes.

The Administration requested additional resources to help fund these initial actions and build capacity for sustained productivity. Specifically, in March of 2017, the Administration included

a \$16 million increase for the BLM's Oil and Gas Management program in its Fiscal Year (FY) 2018 budget request to Congress. Subsequently, and as part of the FY 2017 budget enacted in May of 2017, Congress increased the BLM's Oil and Gas Management program by \$8 million. This funding increase, along with substantial improvements in the BLM's approval process, have already enhanced the BLM's capacity to process and issue leases and permits.

Because of the \$8 million increase this May, the BLM's FY 2018 budget request for the Oil and Gas Management program is now reflected as an \$8 million increase above the 2017 enacted level, rather than \$16 million as originally requested last March. This net increase of \$8 million in the Oil and Gas Management program, which includes \$4 million for oil and gas rights-of-way (ROW), will result in an additional 54 full-time-equivalent (FTE) employees to enhance the core capacity for processing APDs, EOIs, and ROWs.

The BLM is currently exploring steps to improve the Coal Management program to better ensure the availability of this important domestic energy resource. The BLM is coordinating with other Interior bureaus and offices—including the Office of Surface Mining Reclamation and Enforcement, the Office of Valuation Services, and the Solicitor's Office—to identify improvements and opportunities to streamline the Federal coal leasing and permitting processes. The FY 2018 budget includes an \$8 million program increase in the Coal Management program to support implementation of streamlining recommendations resulting from this effort. The increase supports BLM staff capacity to establish regional coal teams, meet additional coal application processing and inspection requirements, process and approve exploration licenses and recovery and protection plans, and conduct fair-market value determinations for lease sales.

In addition to planned efforts related to coal in FY 2018, the BLM will streamline other processes related to energy and minerals and will continue to address potentially burdensome regulations and policies. The BLM will continue leveraging technology to improve the processing of APDs and automate the processes for Federal oil and gas lease sales. In combination with these efforts, the BLM will also assess and prioritize resource needs related to energy and minerals across all offices to enhance overall services, applications processing, and making more lands available for development.

II. Quarterly Oil and Gas Lease Sales

The following section describes the progress that has been made to support and improve the quarterly lease sales in the Federal onshore oil and gas leasing program. These efforts include implementation of an online lease sale service to conduct lease sales via internet-based bidding as well as the National Fluids Lease Sale System (NFLSS) to automate the processes for preparing lease sales for Federal oil and gas (and eventually geothermal) resources. In addition, the BLM has set a target of offering parcels for sale 180 days after nomination.

Lease Sales

Under the Mineral Leasing Act, the BLM is required to hold quarterly oil and gas lease sales. In December 2014, the BLM received statutory authority under the National Defense Authorization Act (NDAA) for FY 2015 to conduct online oil and gas lease sales. Prior to that, the BLM could only hold in-person oil and gas lease sales. In 2015, the BLM selected “EnergyNet.com” as the BLM’s internet auction provider to host lease sales under a 5-year, no-cost contract to the BLM (winning bidders pay a 1.5 percent service fee to the auction provider). In August 2016, the BLM promulgated regulations to allow the BLM to hold oil and gas lease sales via internet auctions or continue as in-person auctions to comply with the NDAA. On September 20, 2016, the BLM held the first online lease sale under the NDAA authority and held four subsequent online sales in 2016.

Between January and September 2017, the BLM held a total of 20 additional lease sales, which included 19 online sales and one in-person sale. One sale that was scheduled on January 17, 2017, was cancelled (postponed). The September 2017 New Mexico (NM) sale generated a total of over \$130 million and the February 2017 Wyoming (WY) lease sale garnered nearly \$129 million. These are the second and third largest amounts generated from an onshore lease sale in the last 30 years. Table 1 summarizes the results of the calendar year 2017 sales to date, for which the BLM has offered 874,070 acres, sold 506,226 acres, and generated over \$316 million in bonus bids. In comparison, for this same period in calendar year 2016, the BLM held 14 lease sales, cancelled nine sales, offered only 412,487 acres, sold 239,207 acres, and generated a total of approximately \$161 million in bonus bids, which is significantly lower than calendar year 2017 (see Table 2 for comparison). The BLM has scheduled 7 additional quarterly online sales for the remainder of this calendar year, which will be held in December (the last month of the fourth quarter of the calendar year). In addition, the BLM published a Federal Register Notice on August 7, 2017, calling for nominations for an in-person lease sale in the National Petroleum Reserve in Alaska, which is scheduled on December 6, 2017. The Alaska sale will be live-streamed to the public. The dates for the upcoming 8 lease sales in 2017 are presented in Table 3. It should be noted, by the end of the calendar year 2017, the BLM plans to hold 28 lease sales, compared to 20 sales held in calendar year 2016. The BLM continues to examine opportunities to offer more acreage for lease.

**Table 1: Summary of BLM Lease Sales
January – September, 2017**

Sale Date	BLM State Office	# Acres Offered	# Acres Sold	# Parcels Sold	Total Bonus Bid
<i>01/17/2017</i>	<i>MT</i>	<i>Sale Cancelled</i>			
01/25/2017	NM	843	843	4	\$2,934,194
02/07/2017	WY	184,793	184,793	285	\$128,978,446
03/09/2017	CO	16,447	16,447	17	\$63,546
03/14/2017	NV	115,970	35,503	20	\$74,780
03/23/2017	ES	1,147	1,147	20	\$5,114,569
03/23/2017	UT	4,174	4,174	4	\$110,263
06/08/2017	CO	73,247	63,268	70	\$1,243,377
06/08/2017	NM	4,238	4,231	17	\$3,482,657
06/13/2017	MT	69,056	15,611	49	\$697,418
06/13/2017	UT	23,613	7,479	8	\$35,524
06/14/2017	NV	195,614	5,760	3	\$29,440
06/22/2017	ES	160	160	2	\$320
06/22/2017	WY	31,975	31,975	26	\$2,668,764
09/07/2017	CO	1,227	404	3	\$602,088
09/07/2017	NM	15,492	15,332	61	\$130,855,717
09/12/2017	NV	3,680	3,680	3	\$33,120
09/12/2017	MT	4,438	4,438	15	\$305,802
09/12/2017	UT	14,943	4,102	3	\$8,204
09/21/2017	ES	192	192	6	\$201,018
09/21/2017	WY	112,821	106,687	127	\$38,736,473
Total		874,070	506,226	743	\$316,175,720

**Table 2: Summary of BLM Lease Sales
January – September, 2016**

Sale Date	BLM State Office	# Acres Offered	# Acres Sold	# Parcels Sold	Total Bonus Bid
1/20/2016	NM	<i>Sale Cancelled</i>			
1/26/2016	MT	<i>Sale Cancelled</i>			
2/2/2016	WY	<i>Sale Cancelled</i>			
2/11/2016	CO	<i>Sale Cancelled</i>			
2/16/2016	UT	45,701	22,771	21	\$276,728
3/8/2016	NV	50,416	0	0	\$0
3/17/2016	ES	579	120	3	\$240
4/20/2016	NM	2,306	2,306	11	\$46,298
5/3/2016	WY	106,983	89,609	95	\$5,611,637
5/4/2016	MT	1,048	1,048	7	\$115,072
5/12/2016	CO	6,960	6,960	6	\$5,211,268
5/17/2016	UT	6,743	3,952	2	\$10,146
6/14/2016	NV	74,662	3,765	4	\$24,740
6/16/2016	ES	<i>Sale Cancelled</i>			
7/12/2016	MT	720	720	3	\$26,320
7/20/2016	NM	<i>Sale Cancelled</i>			
7/27/2016	ID	9,243	9,243	8	\$352,427
8/2/2016	WY	88,895	80,482	69	\$3,500,165
8/11/2016	CO	<i>Sale Cancelled</i>			
8/16/2016	UT	<i>Sale Cancelled</i>			
9/1/2016	NM	13,876	13,876	36	\$145,556,170
9/13/2016	NV	<i>Sale Cancelled</i>			
9/20/2016	ES	4,355	4,355	14	\$71,422
Total		412,487	239,207	279	\$160,802,633

Table 3: Upcoming BLM Lease Sales for Calendar Year 2017

Sale Date	BLM State Office
12/06/2017	AK
12/07/2017	CO
12/07/2017	NM
12/12/2017	NV
12/12/2017	MT
12/12/2017	UT
12/14/2017	ES
12/14/2017	WY

National Fluids Lease Sale System (NFLSS)

The NFLSS is a national system implemented in September 2016 to automate the processes for preparing lease sales for Federal oil and gas (and eventually geothermal) resources which interfaces with the BLM’s internet auction provider, EnergyNet.com. The NFLSS automates and standardizes the pre-sale process of gathering and tracking EOIs, assembling parcels, creating lease sale notices, tracking protests, and adjudicating the legal issues related to the parcels proposed for sale. This system significantly enhances efficiencies in lease sales, while addressing a Government Accountability Office (GAO) audit for more transparency regarding sale protests through its comprehensive and consistent collection of agency-wide protest information, which is then made available to the public. On August 31, 2017, the BLM released an update to NFLSS, which further advances the Administration’s priorities of American energy independence and job growth by giving the BLM new capacity to oversee parcel management and sale-day leasing activities.

Targets for Expediting the Processing of Expressions of Interests (EOIs)

In addition to implementing the online lease sale service and the NFLSS, the BLM has set a target of offering parcels for sale 180 days after nomination, compared to the historical 365 to 545 days (12-18 months) from nomination to offering. The BLM is tracking EOI acreage from nomination to sale for the purpose of measuring progress in meeting the 180-day goal. The BLM is working with state offices on data calls in assessing the timeframes for EOI acreage adjudicated for leasing to being able to offer those acres for sale. The first 180-day goal that the BLM set in January 2017 was to offer 577,452 acres. The BLM exceeded this goal by offering over 721,000 acres and seeks to maintain this pace in future years with continued target-setting

and improvements in the leasing process. To expedite EOI acres offered, the leasing process needs to be further streamlined and the BLM is drafting revisions to its Leasing Reform IM to accomplish this goal pursuant to Executive Order (E.O.) 13783 and S.O. 3349.

III. Options Identified to Improve Leasing

The following sections discuss options that have been identified to improve the Federal onshore oil and gas leasing program and the solid mineral leasing program to promote responsible resource development on public lands. Actions include identifying current practices that may potentially burden resource development, or inhibit the use of domestically-produced energy resources, and then providing specific recommendations for 1) addressing potentially burdensome actions; 2) streamlining the Federal coal program leasing and permitting process; and 3) streamlining the BLM planning process and ways in which the agency conducts environmental analyses consistent with the National Environmental Policy Act (NEPA).

In recent years, the acreage offered for lease has steadily declined due to various policies from the previous Administration. For example, many acres were deferred from leasing because of Greater Sage Grouse prioritization concerns. In some BLM state offices, any EOI acres that involved Greater Sage Grouse habitat were not offered. The BLM is currently reviewing these policies to determine if leasing can occur in these areas with stipulations. In addition, previous policy included deferral of leasing any acreage that might be affected by changes to land use plans in the future. The BLM is currently reviewing policies that would use existing land use plans for leasing decisions rather than waiting on future plans.

Addressing Potentially Burdensome Actions

Pursuant to E.O. 13783 and S.O. 3349, the BLM has identified actions that may burden the development or use of domestically-produced energy resources, and has made recommendations for alleviating such impediments. The BLM is working on implementing actions (as detailed in the BLM's E.O. 13783 Energy Report) that address leasing reform, mining, and other energy programs. These actions represent a combination of rule rescissions, reviews of existing policy, promulgation of new policy or guidance, or similar actions, all of which aim to reduce burdens on energy producers. The BLM will continue to pursue these recommendations, which cover a range of categories that include, but are not limited to:

- **Coal:** (e.g., the BLM is reviewing three coal-related instruction memos (IM 2014-156, IM 2017-035, and IM 2017-037), with the goal of updating or rescinding them); and
- **Oil and Gas:** (e.g., the BLM is moving forward with rescinding the Hydraulic Fracturing regulation with its publication of a Federal Register Notice (FRN) on July

25, 2017. The BLM also published an FRN on June 15, 2017, to postpone compliance dates for certain sections of the Waste Prevention, Production Subject to Royalties, and Resource Conservation Rule (or “Waste Prevention Rule”). The BLM is also reviewing Onshore Orders 3, 4, and 5, as well as leasing policies (IM 2010-117, IM 2013-101, and IM 2013-177), with the goal of updating or rescinding them).

Streamlining Coal Leasing

As part of the Department of the Interior’s (DOI) goal of “Making America Great Again through Energy Independence,” the BLM and the Office of Surface Mining Reclamation and Enforcement (OSMRE) are examining the Federal coal program and developing recommendations to streamline the leasing and permitting process. A multidisciplinary/multiagency team of experts has identified a number of recommended program revisions and enhancements which, through changes to policy, promulgation of regulations, or new legislation, would decrease the processing times for leasing and permitting Federal coal and coal mines as well as to remove administrative burdens to the industry. These proposals have been outlined in a draft coal recommendations report authored by the BLM and OSMRE, and will be presented to the Secretary upon my approval. The BLM and OSMRE plans to complete the report by September 2017 and begin implementation of the recommendations in FY 2018.

In addition to the coal report, the BLM has been focusing on processing coal applications. Prior to the leasing moratorium, the BLM had an inventory of 45 Lease by Applications (LBA) and Lease Modification Applications (LMA) encompassing a combined acreage of 84,649 acres and containing over 2.8 billion tons of Federal coal. Since the lifting of the moratorium, the BLM has received three new applications (one LBA and two LMAs) for a combined additional acreage of 2,230 acres and 15.3 million tons of coal.

Since the lifting of the leasing moratorium in March 2017, the BLM has contacted companies with existing applications to confirm their continued interest. As a result, the BLM has since processed 5 LBAs and leased a significant tract of Federal coal in Utah (Greens Hollow tract), allowing the largest coal miner in the state, Bowie Resources, LLC, to maintain production at one of the state’s largest underground coal mines, the Sufco Mine. The lease, which the BLM issued with an effective date of April 1, 2017, contains approximately 56.6 million tons of recoverable coal under 6,175 acres of U.S. Forest Service (USFS) land. The winning bid was \$22,850,000, one-fifth of which was collected at the time of the sale. The sale allowed the Sufco Mine, which directly employs 383 personnel (and indirectly 1,307), to continue to meet its production contract.

Streamlining BLM Planning and NEPA Processes

In FY 1998, the BLM offered about 8.3 million acres for lease compared to only 1.9 million acres offered for lease in FY 2016 – a 75 percent drop in the number of acres offered. Beginning in calendar year 2017, the BLM has prioritized the completion of environmental analyses, new Resource Management Plans (RMPs), and RMP revisions and amendments to maximize lands available for energy and minerals development. Specifically, the BLM is working to identify and implement actionable solutions to streamline its planning and NEPA processes, particularly those involving mining of both energy and non-energy leasable minerals, oil and gas development, and associated functions. In coordination with the Office of the Solicitor, the BLM has already begun accelerating the review of FRNs for these types of projects. The goal is to make the planning and NEPA processes more efficient and less expensive while engaging key stakeholders¹ so that the BLM makes well-informed and well-supported decisions. In May 2017, a BLM working group comprised of subject matter experts within the BLM and its partner agencies involved in the NEPA process met to develop preliminary recommendations on how to shorten and improve the effectiveness of resource management planning and other NEPA reviews. The BLM then held 13 meetings with state, Tribal, and local governments in June and July in order to foster trust and open dialogue on planning issues, and opened a 21-day public input period that closed on July 24, 2017. Since then, the BLM reviewed and consolidated feedback from the public, states, local governments, and Tribes, and prepared a draft report for the Secretary. The BLM provided the draft report to the ASLM for review in late September, and expects to deliver the final report to Secretary Zinke the week of October 9, 2017. It is anticipated that after the Secretary has reviewed the final report, he will determine which streamlining recommendations to advance.

IV. Strategy to Process Pending Permit Applications and Improve Permitting Process

The following section describes the BLM's strategy to process the large number of currently pending permit applications and to improve the overall permitting process. The BLM plans to build upon ongoing activities to implement an overall strategy that includes refining and updating AFMSS, creating ROW Strike Teams, establishing APD targets, deploying the Energy and Minerals Task Force, and increasing interagency coordination.

In January 2017, the BLM had 92 vacancies in key areas attributed to workflow areas that support APD processing and 40 vacancies related to processing EOIs. To date, approximately 43 of these vacancies have been filled. In addition, the BLM has requested \$4 million in the FY 2018 budget to support 33 new FTEs for the creation of ROW Strike Teams to support the

¹ Stakeholders include state, local, and Tribal governments, industry representatives, interest groups, the public, and others.

busiest permitting offices. Other permanent and term FTE will support further modular deployment of an updated AFMSS system and the NFLSS system. An additional \$4 million will support the Western States' priority permitting workloads and will fund additional planning and permitting work in the National Petroleum Reserve in Alaska.

AFMSS

Legacy AFMSS is a national information technology system implemented by the BLM in 1997 to collect, manage, and share information on oil, gas, geothermal, and helium resources. It primarily focuses on APDs, inspections, and sundries for active onshore wells. An updated system, AFMSS-2, is concurrently being developed and deployed to replace the legacy AFMSS system to take advantage of newer technology and enhanced processes, address stakeholder concerns regarding the speed and transparency in oil and gas permitting, and solve data integrity issues identified by the GAO and Office of the Inspector General. It will also automate workflow processes to allow the BLM to better manage workload across all of its 33 oil and gas offices, provide greater transparency on processing time frames to policy makers, and address the technological and business deficiencies of the legacy AFMSS.

When fully implemented, AFMSS-2 will facilitate statewide and nationwide dashboards and performance metrics, including increased agility for the BLM to address shifting workloads without having to physically redeploy its workforce. AFMSS-2 will integrate multiple databases and automate internal and external processes for the submittal and processing of Notices of Staking (NOS), APDs and Sundry Notices for oil, gas, and geothermal resources. These features, along with other functionalities, are being developed in a modular-based system. Modular-based programming offers greater flexibility and adaptability, allowing the BLM to enhance the system based on regulatory requirements, technological changes, and/or other business needs.

Prior to Bureau-wide deployment of the AFMSS-2 system, the National Operations Center (NOC) staff provided training to operators and BLM employees. This training was delivered in a variety of formats to ensure that there was ample opportunity for all users to attend. In FY 2016, 417 users (391 BLM staff and 26 operators) benefitted from in-person training, 25 training sessions used an interactive web-based conferencing software (WebEx) to instruct 451 industry trainees and 25 BLM managers. In addition, 65 training videos were created and posted in the internet.

Although the NOS/APD module was deployed in May 2016, legacy AFMSS and AFMSS-2 are in concurrent operations until the four remaining replacement modules, as well as the geothermal module, are completed and the old system can be decommissioned. In preparation for the decommission of the legacy system, in FY 2017 the NOC staff trained 200 operators at several

locations including Denver, CO, Carlsbad, NM, Vernal, UT, and Casper, WY, on the use of AFMSS-2. In total for FY 2017, the BLM provided 920 industry personnel with AFMSS-2 training through delivery of 24 WebEx seminars. Internally, over 500 BLM staff were trained via webinars and in-person workshops. This included 16 internal webinars and 3 in-person workshops in Casper, WY, Carlsbad, NM, and Norman, OK, in FY 2017. Each of these workshops provided an opportunity to gain user feedback and develop improvements to the system. Over the course of the FY, six major releases provided 222 new features and two patch releases fixed ‘bugs’ found in the NOS/APD module after release.

One of the primary reasons for replacing legacy AFMSS is to improve NOS/APD permit processing times. The BLM’s experience with the new system thus far suggests that it will achieve significant reduction in processing time for APDs and related actions, as users become more skilled and enhancements provide time-saving features beyond basic functionality. There is still work to be done to improve the user experience, address stakeholder feedback, and integrate other internet-based workflow programs used in key offices – such as IT4RM. All AFMSS-2 modules are planned to be completed in early 2019, which will be followed by the decommissioning of legacy AFMSS.

Oil and Gas Pipeline ROWs

As shown in Table 4, the BLM has 641 pending oil and gas pipeline ROWs. Of this total, 497 are pending with the following five field offices: Carlsbad, NM; Farmington, NM; Roswell, NM; Rawlins, WY, and Pinedale, WY.

Table 4: Summary of BLM Pending O&G Pipeline ROWs, September 30, 2017

Five BLM Field Offices with Highest Number of Pending O&G Pipeline ROWs	Pending
Carlsbad, NM	292
Farmington, NM	122
Roswell, NM	34
Rawlins, WY	25
Pinedale, WY	24
Total Top 5 Offices	497
Total BLM	641

Some impediments that the BLM faces to process pipeline ROWs expeditiously include:

- Waiting on APD to be processed to issue ROW permit;

- Issues related to Endangered Species Act, National Historic Preservation Act, or other laws;
- Pending consultation/concurrence from another surface management agency;
- High volume of applications coming into an office at the same time; and
- Notification from the proponent that the project is on hold though they do not want to withdraw the application.

Processing of oil and gas pipeline ROWs has been further challenged with the implementation of the recent Greater Sage Grouse Plan Amendments and mitigation policies, as well as new bonding requirements for all ROWs in Wyoming.

In the face of these challenges, some offices are using new approaches to speed up the permitting process, including:

- Using the environmental review completed for the APD to support the NEPA analysis required for processing of the ROW;
- Coordinating with the Bureau of Indian Affairs (BIA) when Tribal lands are involved to use one environmental analysis to support the action with each agency issuing a Decision Record;
- Using the APD as the SF-299 application if it contains all of the information that realty staff members need to be able to complete the processing of the ROW;
- Working with proponents to stay within existing disturbance areas or ROWs as much as possible;
- Relying on existing Categorical Exclusions in the NEPA process to streamline reviews such as ROWs wholly within the boundary of another ROW;
- Using new Categorical Exclusions created by the Energy Policy Act of 2005 (Section 390) to streamline permitting when applicable;
- Encouraging operators who do not construct their own pipelines to coordinate with transport companies to submit the APD and SF-299 application at the same time so that they can be processed concurrently;
- Promoting the use of Master Development Plans to help streamline permitting;
- Providing guidance on application/implementation/enforcement of the Common Carrier rules to assist with streamlining; and
- Encouraging unitization to help streamline permitting by relieving the need for ROWs.

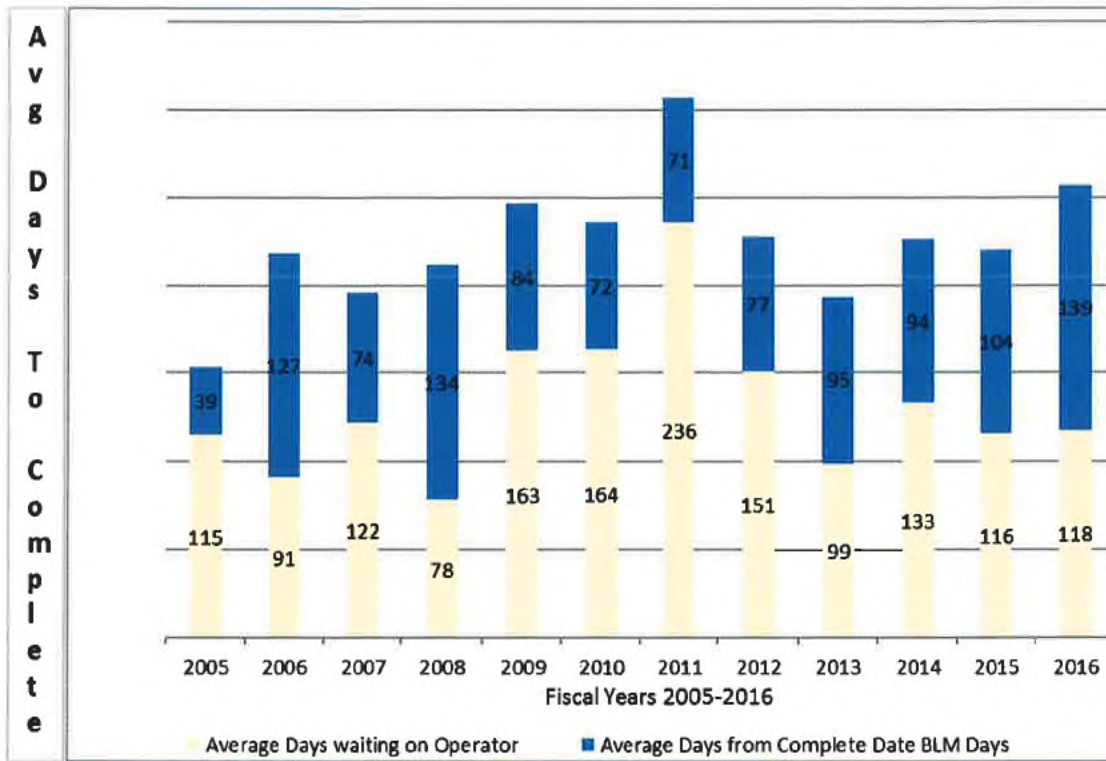
The BLM also strongly encourages field offices to use Master Agreements, which were made operable by the 2005 ROW regulation change. Master Agreements are negotiated with a single applicant for processing and monitoring multiple applications covering facilities within a specific geographic area. The BLM does not currently have a large number of Master Agreements, but project proponents who have entered into them have been pleased with their success for the most part.

As mentioned previously, the BLM has requested \$4 million in the FY 2018 budget to support the creation of ROW Strike Teams to address pending workloads in the highest-volume field offices. Each of the teams would include, at a minimum, a team lead realty specialist, a biologist, an archeologist, and a NEPA specialist. The BLM would seek to fill the ROW Strike Team positions with seasoned professionals from the field and then backfill those positions in the field with new FTEs.

Targets for APDs

In January 2017, the ASLM requested an accounting of pending APDs, ROWs, and timeframes for the average review and completion for these permits. The ASLM requested that this data be updated and presented to ASLM on a monthly basis to monitor progress. **In FY 2016, the average time required by the BLM to process an APD was 257 days as shown in Table 5.** Currently, the BLM has 2,628 pending APDs, of which 1,896 have been filed in the following five field offices: Carlsbad, NM; Dickinson, ND; Vernal, UT; Casper, WY; and Pinedale, WY, as shown in Table 6.

Table 5: Average Number of Days for Permit Processing



- The data in this chart represents processing times in the AFMSS 1 database only and are not inclusive of AFMSS 2 database submissions.
- Effective April 20, 2017 electronic submission of APDs are required unless a waiver is granted.
- AFMSS 2 started accepting BLM permit applications in October 2015, with Bureau-wide adoption in all oil and gas offices as of May 2016.
- Time to complete is calculated on only APDs Approved; Other than Approved Counts are not part of the analysis.

Table 6: Summary of BLM APDs, January 1 - September 30, 2017

Five BLM Field Offices with Highest Number of Pending APDs	Pending	Received	Processed (including Approved)
Carlsbad, NM	597	667	455
Dickinson, ND	482	362	396
Vernal, UT	364	130	260
Casper, WY	314	308	529
Pinedale, WY	139	358	311
Total Top 5 Offices	1,896	1,825	1,951
Total BLM	2,628	2,618	2,795

Moreover, the BLM has seen an increase in APD filings in these same offices. For example, between January 1, 2017, and September 30, 2017, these same offices received 1,825 new APDs and processed a total of 1,951, which is more than half the total for all of the BLM. The total average processing time for permits approved in legacy AFMSS combined with AFMSS-2 from January 1 to September 30, 2017, was 251 days. Of that time, operators required 175 days and the BLM required 76 days to approve permits. In order to address the uptick in activity this year, the BLM established ambitious 90-day goals² to approve target numbers of oil and gas APDs using AFMSS-2 and is shifting resources to increase capacity at the more active oil and gas offices within the agency. While the first 90-day goal the BLM set in January 2017 was to process 711 APDs, the BLM actually approved 758 APDs. The second 90-day goal set in April 2017 was to process 924 APDs and the BLM once again exceeded this goal by processing a total of 937 APDs. For August through the end of September 2017, the BLM targeted processing 431 APDs. The BLM approved 914 APDs for this time period and exceeded the target by 212 percent. The total number of APDs processed in FY 2017 was 3,322, which exceeded the BLM's FY 2018 Budget plan by 322 APDs.

The overall APD average processing time for the BLM has continued to improve this year with the requirement to submit applications electronically and use AFMSS-2. The BLM calculated the average processing time for APDs in legacy AFMSS as 257 days at the end of FY 2016. Of that processing time, the operators required 118 days to provide all the component pieces of the application and the BLM required 139 days to approve the permits. In FY 2017 there was an increase in the average number of days to complete APD processing of 1.6 percent or 4 days compared to FY 2016 (261 days in FY 2017 versus 257 days in FY 2016). Even though there was a slight increase in the total time to approve, the BLM realized a reduction of 46 days for a new average processing time of 93 days, while the time that operators needed increased to 168 days using a combined average for legacy AFMSS and permits approved in AFMSS-2. The slight increase in processing time and increased operator time for FY 2017 (118 days in FY 2016 versus 168 days in FY 2017) stemmed from approvals of long term pending permits submitted in legacy AFMSS.

Due to the increased functionality of AFMSS-2, the BLM has been able to take advantage of new system-generated date stamps to more accurately measure processing times, identify bottlenecks and to align the APD review and approval process with policy to create efficiencies. To determine if AFMSS-2 is providing the increased efficiencies that were anticipated, the BLM calculated separately the processing times for permits that were submitted and reviewed exclusively in that system. With the new system, the operators required 51 days and the BLM required 83 days on average to approve permits. Although this result beats the 90-day internal

² The 90-day time frame begins when the APD is accepted by the BLM as "administratively complete."

processing goal for this FY, this average time is anticipated to increase once all remaining pending APDs in legacy AFMSS are migrated into AFMSS-2 in the Fall 2017 and will stabilize as old permit applications are resolved. Those legacy AFMSS permit applications include many with pending times over 5 years. Decisions on these long pending permits are typically deferred for completion of NEPA analysis, input from another surface management agency, litigation or land use planning decisions. The BLM expects the average processing times will continue to be impacted, as these long term pending APDs are resolved through continued cooperation with other surface management agencies, resolution of litigation, and completion of land use planning efforts. In anticipation of the data migration, the BLM is preparing a new reporting tool to assist the BLM in characterizing and tracking these pending APDs and identifying them once they are approved. The BLM will identify the outliers in the future, in order to normalize the average processing time calculation. Looking forward, the BLM remains committed to achieving the current 90-day goal for all new APDs submitted in AFMSS-2 and will continue to find efficiencies in order to better approach its statutory 30-day timeline.

APD Processing Fees

Since its inception in 2005 in the Energy Policy Act of 2005 (EPAct), Public Law 109-58, § 365, 119 Stat. 594, 723 (codified at 42 U.S.C. 15924), the Federal Permit Streamlining Pilot Project (Pilot Project) and associated funding provided by Congress have enhanced the BLM's ability to coordinate with other Federal and State agencies in connection with oil and gas permitting, streamline permit review processes, and reducing permitting times. The National Defense Authorization Act, 2015 (2015 NDAA), Public Law 113-291, which was enacted on December 19, 2014, amended the provisions of the EPAct related to the Pilot Project. The 2015 NDAA re-designated the Pilot Offices as Project Offices and permanently extended BLM access to the mineral lease rent revenues deposited in the Permit Processing Improvement Fund (PPIF) established by Section 365 of the EPAct. The 2015 NDAA also authorized a permit processing fee of \$9,500 indexed annually for inflation for FYs 2016 through 2026. For FYs 2016 through 2019, 15 percent of the fee is subject to appropriation. Once appropriated, these funds are allocated to the field office that collected the fee and are made available to process protests, leases and permits, and 85 percent of the fee is made available without further appropriation in the Permit Processing Improvement Fund (PPIF). Of the 85 percent deposited into the PPIF, a minimum of 75 percent is allocated to the State in which the fee was collected for the processing of oil and gas use authorizations. The work accomplished in the Project Office typically represents approximately 80 percent of the workload of the BLM Oil and Gas Program. The APD fees are the primary source to fund oil and gas use authorization processing including APDs, ROWs, and sundry notices in BLM field offices. The APD fee in FY 2016 was \$9,500. Table 7 provides a summary of APD fee allocations in FY 2016 for each Project Office and a summary of the work completed by each office using these funds. For FY 2017 the fee was

indexed for inflation and raised to \$9,610. The BLM is in the process of calculating the FY 2017 summary of APD fee allocations and work completed by each Project Office.

Table 7: Summary of FY 2016 Oil and Gas Project Office APD Processing Fees and Work Accomplished

BLM Project Office	Total APD Fees Received	APDs Approved	ROW Approved	Sundries Processed
Rawlins, WY	\$244,000	22	36	2,946
High Plains District Office, WY	\$291,000	357	12	8,529
Montana/Dakotas State Office	\$2,368,551 ³	417	4	5,954
Farmington, NM	\$1,175,220 ⁴	101	129	2,777
Carlsbad, NM	\$1,501,904	409	290	8,780
Grand Junction/CO River Valley Field Office, CO	\$1,320,253	51	5	679
Vernal, UT	\$1,756,482 ⁵	238	49	3,661
Total	\$8,657,410	1,412	521	33,326

³ Funding allocations made to the Montana/Dakotas State Office would include amounts needed to cover state-wide fixed/indirect costs (e.g. rent, communications, utilities, etc.).

⁴ The Farmington, NM District and Field Offices are co-located; the funding displayed above includes funding associated with both organizational units.

⁵ Funds are allocated at the state level. For the Vernal Field Office, obligations incurred for the processing of APDs, ROWs, and sundries were used as a proxy for the Vernal Field Office funding allocations.

Energy and Minerals Task Force

In order to decrease backlogs and complete priority energy and minerals projects, the BLM is taking steps to expedite the completion of planning efforts, collaborate with other bureaus within the DOI as well as external surface management agencies, and coordinate resource needs among BLM offices. In May 2017, the BLM established an Energy and Minerals Task Force (Task Force) comprised of leadership from the BLM Director's Office, as well as the Energy, Minerals, and Realty Management Directorate and Resources and Planning Directorate within the Washington Office (WO). Additional members include leaders from the five BLM state offices that have historically had the highest oil and gas activity including Colorado, MT/Dakotas, NM, UT, and WY. The Energy and Minerals Task Force is assisting BLM state and field offices with expediting the leasing and permitting process and is also monitoring significant actions and resource needs in the field, identifying trouble spots, and resolving resource challenges. One of the tasks will be to identify size and locations for potential program specific functions (i.e. reservoir management group, regional leasing team, regional coal team).

To date, the BLM's Task Force has accomplished the following:

- Enhanced ways to measure accomplishments for APD and lease sale acreage targets as well as track monthly statistics related to energy and minerals.
- Coordinated with BLM state offices and the WO Resources and Planning Directorate to identify RMPs and NEPA documents with significant energy and minerals components to assure adequate support.
- Expedited approvals of several BLM energy and minerals FRNs.
- Leveraged resources to assist the busiest BLM oil and gas offices with workload spikes.
- Strengthened coordination on energy-related actions with the BIA, U.S. Fish and Wildlife Service (USFWS), USFS, and the U.S. Army Corps of Engineers.

Interagency Coordination

In addition to the interagency coordination described under the Energy and Minerals Task Force, beginning in April 2017, the Acting BLM Director has been meeting periodically with the Chief of the USFS and other DOI Bureau Directors, including the USFWS, the BIA, and the National Park Service, to increase coordination efforts related to energy and minerals development on Federal land. The BLM Assistant Director of Energy, Minerals and Realty Management; the Deputy Assistant Director; and division chiefs also meet on a bi-monthly basis with their counterparts from the USFS to coordinate on energy-related issues, including pending permit applications and improving the permitting process. The BLM also recently established a Senior Adviser position for Tribal Energy Development, with a primary focus of assisting the bureau with interagency coordination on energy-related issues such as expediting the processing of EOIs and APDs with BIA and other surface management agencies.

V. Looking Forward

BLM-managed public lands provide a diverse marketplace for industry and can provide a significant role in creating American jobs. The BLM is also a key revenue producer for the Federal government by providing a significant non-tax source of funding to state and Federal treasuries, and is an important economic driver for local communities across the country. The BLM is committed to continued efforts to support safe and responsible development of Federal onshore oil, gas, coal, and other non-energy leasable minerals. These efforts include predictable leasing; reducing barriers to accessing energy and mineral resources on BLM public lands; reviewing and streamlining the BLM's leasing and permitting processes to serve its customers and the public more efficiently and effectively; and improving coordination among key stakeholders, including state and local governments, other Federal agencies, and the public. The BLM is committed to full deployment of automation efforts such as NFLSS and AFMSS-2, which standardize many leasing and permitting functions while providing transparency to industry and the public. Through its Energy and Minerals Task Force, the BLM will continue to assess and prioritize resource needs to build capacity in BLM offices with sustained high activity on energy and mineral projects, and to connect resource shortages with available capacity to work on APDs, EOIs, coal and non-energy mineral actions, ROW applications, RMPs, and NEPA documents.

In short, the BLM stands ready to provide continued support to the Department's efforts toward achieving American energy independence, creating jobs, and building a stronger economy for the Nation.